

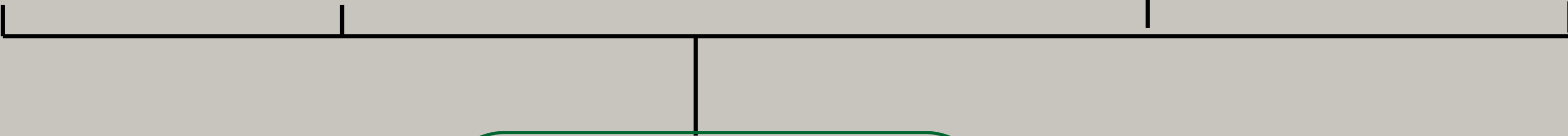
# Trade awareness workshop

**28 September 2022**





# THE INDUSTRY AT A GLANCE



**CAPE WOOLS SA**

- Not for Profit Company
- Represents the interests of the Wool Industry in South Africa



Information Services

Marketing & Public Relations

Research Management

Support Services

INHOUSE

OUTSOURCED

Production Advisory Services

Research

IWTO (Global Promotion)

Industry Statistics

Funding

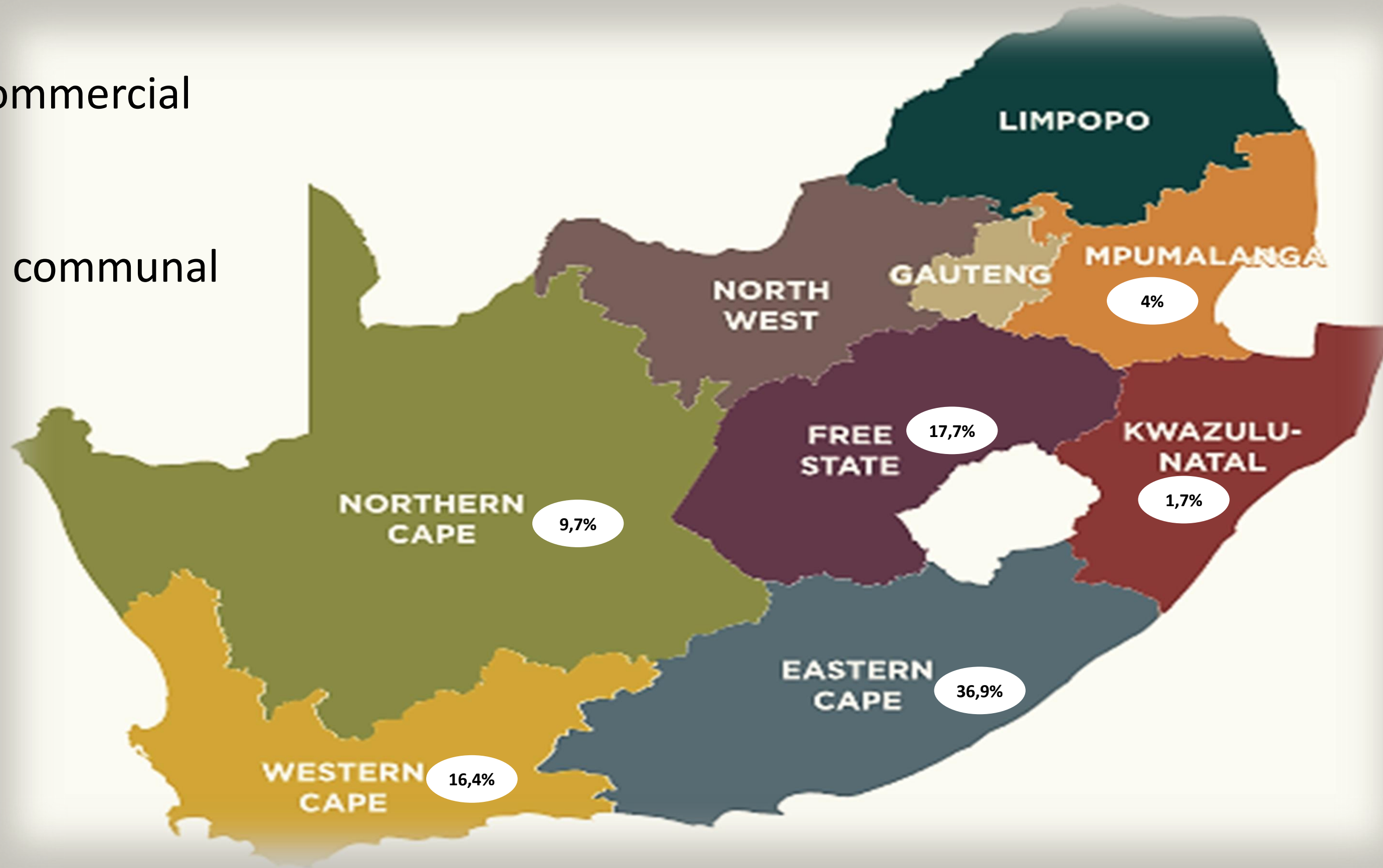
WOOL TRUST

VOLUNTARY LEVIES

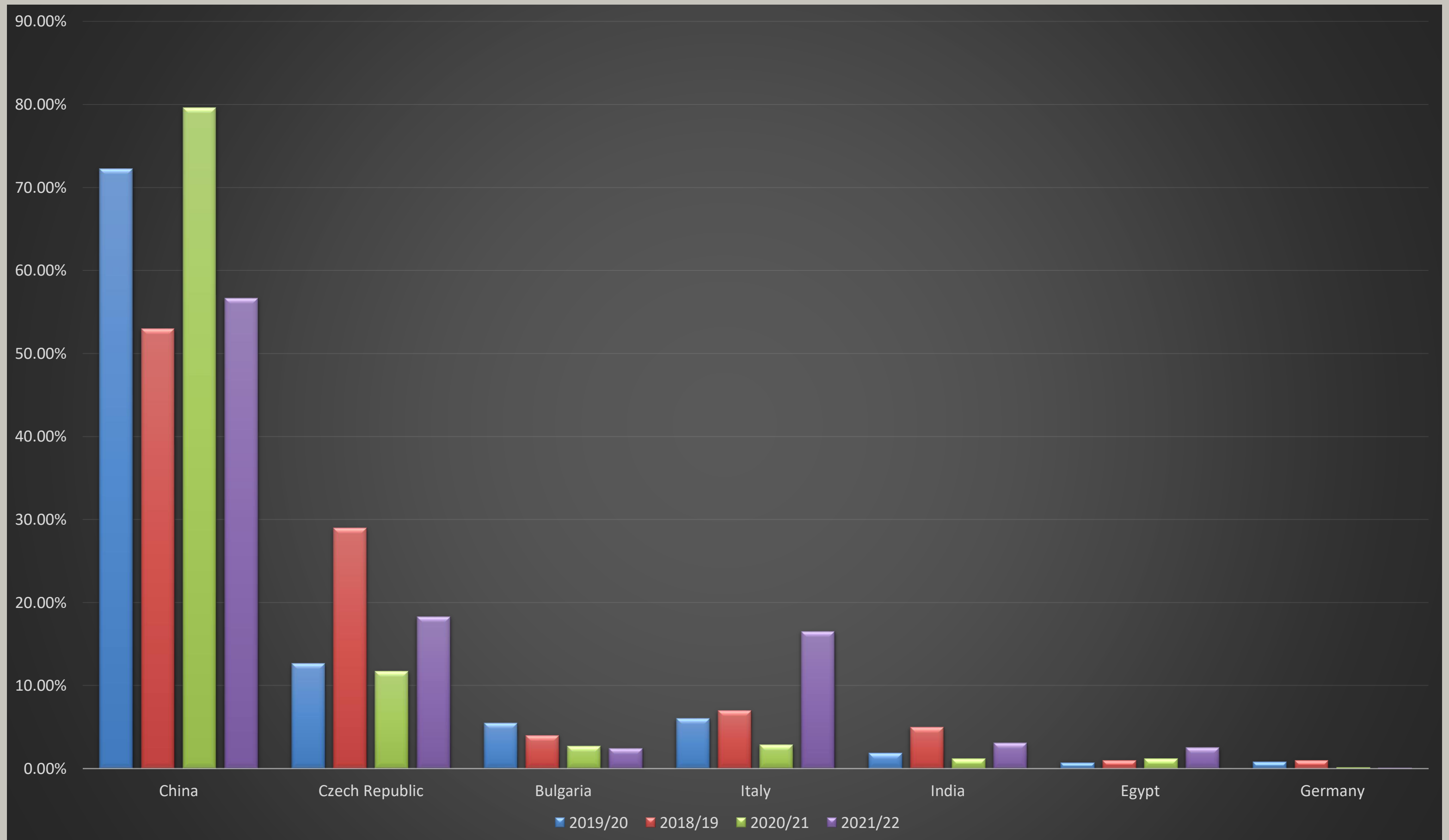
# SA wool production 42 Mil kg (2021/22)

8 000 commercial  
farmers

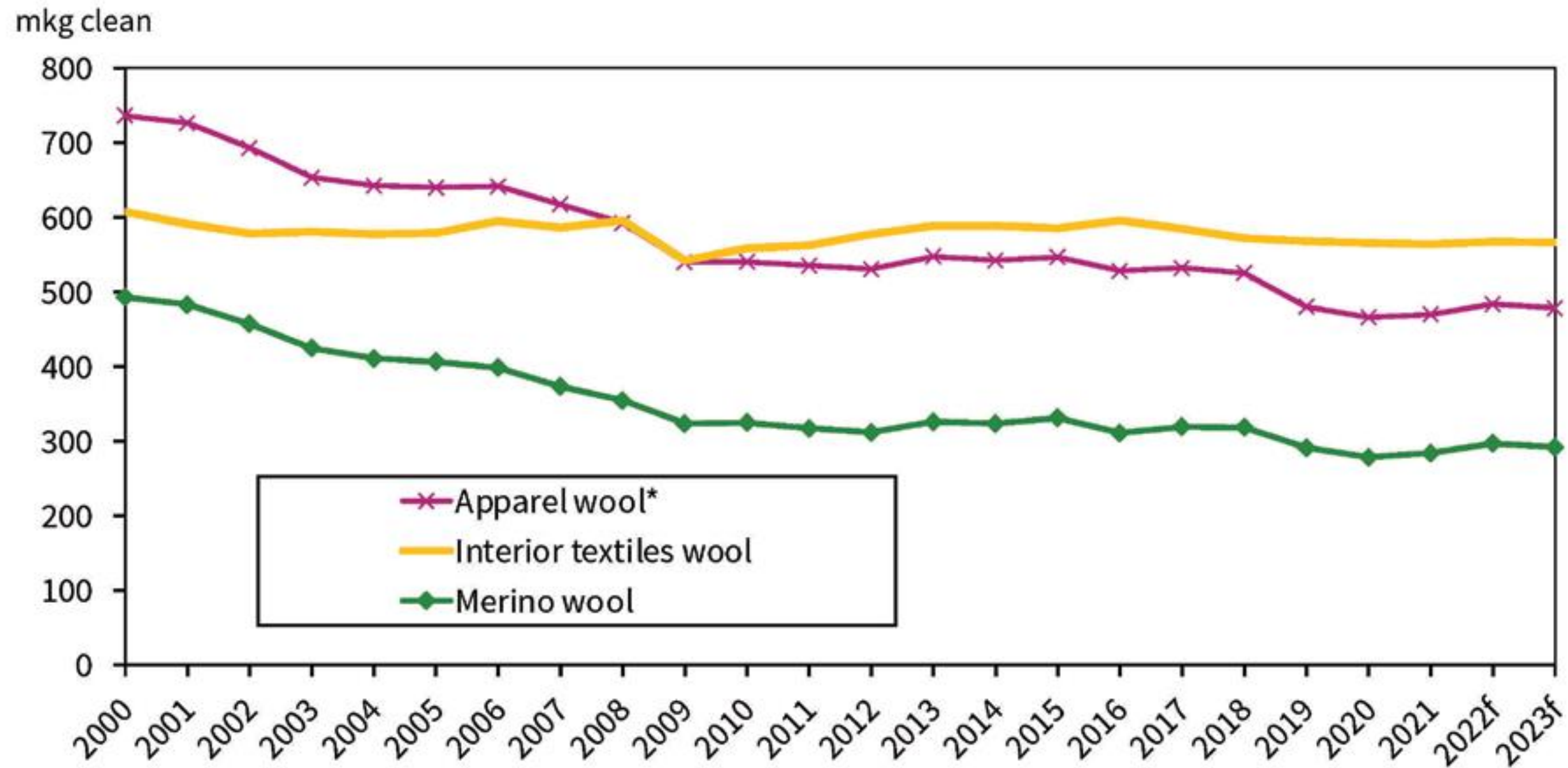
45 000+ communal  
farmers



# WOOL EXPORTS— 2021/22



# GLOBAL PRODUCTION OF WOOL



## World Wool Production by Key Countries: % share greasy

	1995	2000	2005	2010	2015	2020	2021
Australia	28%	29%	23%	20%	20%	18%	18%
China	11%	13%	17%	19%	20%	17%	17%
New Zealand	11%	11%	10%	9%	7%	7%	7%
Turkey	3%	2%	2%	2%	3%	4%	4%
Argentina	3%	3%	4%	3%	2%	2%	2%
South Africa	3%	2%	2%	2%	2%	3%	3%
United Kingdom	3%	2%	2%	2%	1%	2%	2%
Uruguay	3%	2%	2%	2%	1%	1%	1%
All Others	35%	36%	39%	43%	43%	46%	46%

\* Production on a seasonal basis (e.g., 2020 = 2019/20)

Source: FAO of the United Nations (downloaded January 2022), Poimena Analysis & Delta Consultants, European Commission (downloaded January 2022), Country reports to IWTO Congress in May 2021 (and subsequent updates), Government statistical agencies, FLA, SUL, Cape Wools SA, BWMB, Beef + Lamb NZ, CWTA.

## Imports of Raw Wool\*: (% share held by main importing countries)

	2001	2005	2010	2015	2019	2020p
China	26%	30%	43%	47%	49%	47%
India	7%	11%	13%	13%	11%	11%
Czech Republic	2%	4%	4%	5%	5%	5%
United Kingdom	7%	6%	3%	6%	6%	6%
Italy	12%	10%	5%	4%	4%	4%
Uruguay	1%	1%	3%	2%	2%	3%
All Others	44%	39%	30%	24%	22%	23%



# Wool Selling

- Wool is sold mainly through the Auction System (>95%)
- Auctions are held in the South African Wool/Mohair Exchange
- Auction lots can be traced back to growers
- Auctions are held in Port Elizabeth (August to June)
- Six selling brokers and seven main buyers in South Africa



# Communal wool Production

2004/05 - 2021/22 SEASONS					
SEASON	VALUE	MASS	LOTS	BALES	AVERAGE PRICE
2004/2005	18,111,729.23	2,042,729.10	2,538	13,808.00	R 8.87
2005/2006	14,744,245.76	2,205,169.90	2,389	14,548.00	R 6.69
2006/2007	34,481,396.42	2,419,663.20	3,103	16,605.00	R 14.25
2007/2008	45,340,347.21	2,633,796.10	3,788	17,956.00	R 17.21
2008/2009	31,157,914.25	2,494,214.00	3,822	17,363.00	R 12.49
2009/2010	60,432,983.71	2,776,867.80	4,343	19,323.00	R 21.76
2010/2011	71,749,104.17	3,027,276.30	5,085	21,237.00	R 23.70
2011/2012	88,442,521.03	2,782,370.70	4,660	19,755.00	R 31.79
2012/2013	108,248,805.28	2,842,409.10	4,686	20,187.00	R 38.08
2013/2014	137,919,367.70	3,806,993.50	6,368	26,740.00	R 36.23
2014/2015	130,849,387.92	2,582,122.60	6,363	25,252.00	R 36.53
2015/2016	233,618,024.81	4,462,089.10	7,832	31,689.00	R 52.36
2016/2017	299,882,007.84	5,812,641.30	9,138	39,964.00	R 51.59
2017/2018	383,607,431.04	5,422,122.30	9,569	38,617.00	R 70.75
2018/2019	336,979,827.63	4,737,000.00	9,021	33,510.00	R 71.14
2019/2020	289,475,740.22	5,876,741.30	9,121	39,132.00	R 49.26
2020/2021	260,451,284.03	5,455,470.80	9,421	36,233.00	R 47.74
2021/2022	255,013,759.48	4,402,619.20	8,095	30,030.00	R 57.92

# Communal wool Production

<b>Active South African based shearing sheds - 2021/22 Season</b>	
<b>Description</b>	<b>Count</b>
Number of Sheds that marketed in the 2021/22 season	1670
Number of Sales these sheds marketed on	34
Number of Lots sold	9710
Number of lots above 80% of Indicator	630
Number of lots above Indicator	65



# Biosecurity & exports



**Biosecurity**  
**Do not**  
**enter**



# FOOT & MOUTH DISEASE (FMD)

# FMD - 2019 TIMELINE

**7 Jan 2019**

South Africa lost its FMD free status with the OIE

**8 Feb 2019**

China bans import of all cloven hooved animals and their products

**8 May 2019**

China announced that safe products in terms of OIE regulations may be imported. Negotiations for new health certificate starts

**End Jun 2019**

China approves new health certificate

**23 Jul 2019**

China announces greasy wool accepted from SA

**Sep 2019**

DAFF-GACC require time & temperature protocols to be applied

# Certification

- *Temperature loggers installed at each broker*
- *Temperatures logged daily to ensure compliance*
- *Each lot certified for export before submitted to state vet*
- *Each lot checked by state vet via Cape Wools server*
- *Containers inspected, disinfected, fumigated and sealed before departure*





# FMD - 2022 TIMELINE



**1 April 2022**

China bans import of all cloven hooved animals and their products



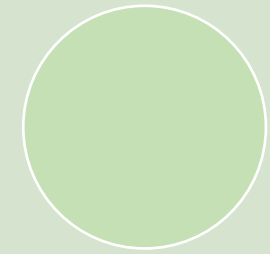
**6 May 2022**

China announced that scoured wool and mohair may be imported



**August 2022**

Still no greasy wool export allowed





World Organisation  
for Animal Health  
Founded as OIE

### **Article 8.8.32.**

#### **Procedures for the inactivation of FMDV in wool and hair**

For the inactivation of FMDV present in wool and hair for industrial use, one of the following procedures should be used:

1. industrial washing, which consists of the immersion of the wool in a series of baths of water, soap and sodium hydroxide (soda) or potassium hydroxide (potash);
2. chemical depilation by means of slaked lime or sodium sulphide;
3. fumigation with formaldehyde in a hermetically sealed chamber for at least 24 hours;
4. industrial scouring which consists of the immersion of wool in a water-soluble detergent held at 60-70°C;
5. storage of wool at 4°C for four months, 18°C for four weeks or 37°C for eight days.

# FMD certification requirements

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
1	Broker	Catalogue	Lot	Last Temp	WI Date	Days to Auction	4 Deg Days	4 Deg Days Req	18 Deg Days	18 Deg Days Req	37 Deg Days	37 Deg Days Req	Pass	Pass 4 Deg	Pass 18 Deg	Pass 37 De
2			5059	25/08/2019	30/01/2019	10	204	0	42	0	0	0	8 Y	Y	Y	N
3			5060	25/08/2019	30/01/2019	10	204	0	42	0	0	0	8 Y	Y	Y	N
4			5061	25/08/2019	30/01/2019	10	204	0	42	0	0	0	8 Y	Y	Y	N
5			5062	25/08/2019	30/01/2019	10	204	0	42	0	0	0	8 Y	Y	Y	N
6			5063	25/08/2019	30/01/2019	10	204	0	42	0	0	0	8 Y	Y	Y	N
7			5064	25/08/2019	30/01/2019	10	204	0	42	0	0	0	8 Y	Y	Y	N
8			5065	25/08/2019	30/01/2019	10	204	0	42	0	0	0	8 Y	Y	Y	N
9			5066	25/08/2019	30/01/2019	10	204	0	42	0	0	0	8 Y	Y	Y	N
10			5067	25/08/2019	30/01/2019	10	204	0	42	0	0	0	8 Y	Y	Y	N
11			5068	25/08/2019	30/01/2019	10	204	0	42	0	0	0	8 Y	Y	Y	N
12			5116	25/08/2019	05/11/2018	10	233	0	56	0	0	0	8 Y	Y	Y	N
13			5117	25/08/2019	05/11/2018	10	233	0	56	0	0	0	8 Y	Y	Y	N
14			5118	25/08/2019	05/11/2018	10	233	0	56	0	0	0	8 Y	Y	Y	N
15			5119	25/08/2019	05/11/2018	10	233	0	56	0	0	0	8 Y	Y	Y	N
16			5120	25/08/2019	05/11/2018	10	233	0	56	0	0	0	8 Y	Y	Y	N
17			5121	25/08/2019	05/11/2018	10	233	0	56	0	0	0	8 Y	Y	Y	N
18			7405	25/08/2019	30/01/2019	10	204	0	42	0	0	0	8 Y	Y	Y	N
19			2001	25/08/2019	02/04/2019	10	142	0	4	24	0	0	8 Y	Y	N	N
20			2002	25/08/2019	02/04/2019	10	142	0	4	24	0	0	8 Y	Y	N	N
21			2003	25/08/2019	02/04/2019	10	142	0	4	24	0	0	8 Y	Y	N	N
22			5000	25/08/2019	25/02/2019	10	178	0	25	3	0	0	8 Y	Y	N	N
23			5001	25/08/2019	25/02/2019	10	178	0	25	3	0	0	8 Y	Y	N	N
24			5002	25/08/2019	25/02/2019	10	178	0	25	3	0	0	8 Y	Y	N	N
25			5003	25/08/2019	25/02/2019	10	178	0	25	3	0	0	8 Y	Y	N	N
26			5004	25/08/2019	25/02/2019	10	178	0	25	3	0	0	8 Y	Y	N	N

# Impact on the Industry

Wool Exports: 2020/2021 Wool Season										
Country	Grease		Scoured		Tops		Value	Mass	% Contribution	
	R	Kg	R	Kg	R	Kg	R	Kg	FOB Value	Mass(Kg)
China/Macau	R 3 574 550 591	44 016 611	R -	-			R 3 574 550 591	44 016 611	79,03%	79,63%
Czech Republic	R 535 929 474	6 498 240	R -	-			R 535 929 474	6 498 240	11,85%	11,76%
Italy	R 136 491 827	1 474 610	R 2 683 549	19 134	5 084 019	76 521	R 144 259 395	1 570 265	3,19%	2,84%
Bulgaria	R 102 964 255	1 480 541	R -	-			R 102 964 255	1 480 541	2,28%	2,68%
Egypt	R 75 665 631	658 278	R -	-			R 75 665 631	658 278	1,67%	1,19%
India	R 67 812 898	641 188	R -	-			R 67 812 898	641 188	1,50%	1,16%
Uruguay	R 2 808 158	240 706	R -	-			R 2 808 158	240 706	0,06%	0,44%
Germany	R -	-	R 7 954 687	72 081			R 7 954 687	72 081	0,18%	0,13%
UK	R 4 552 430	39 902	R 2 835 093	15 300			R 7 387 523	55 202	0,16%	0,10%
USA	R 3 932 042	46 740	R -	-			R 3 932 042	46 740	0,09%	0,08%
<b>Total</b>	<b>R 4 504 707 306</b>	<b>55 096 816</b>	<b>R13 473 329</b>	<b>106 515</b>	<b>R 5 084 019</b>	<b>76 521</b>	<b>R 4 523 264 654</b>	<b>55 279 852</b>	<b>100,0%</b>	<b>100,0%</b>

Wool Exports: 2021/2022 Wool Season										
Country	Grease		Scoured		Tops		Value	Mass	% Contribution	
	R	Kg	R	Kg	R	Kg	R	Kg	FOB Value	Mass(Kg)
China/Macau	R 2 068 992 188	27 816 279					R 2 068 992 188	27 816 279	54,83%	56,63%
Czech Republic	R 856 399 203	8 992 162					R 856 399 203	8 992 162	22,69%	18,31%
Italy	R 359 476 970	8 085 786	R 1 907 742	10 017	113 625	21 140	R 361 498 337	8 116 943	9,58%	16,52%
India	R 168 038 422	1 514 574					R 168 038 422	1 514 574	4,45%	3,08%
Egypt	R 165 624 974	1 224 887					R 165 624 974	1 224 887	4,39%	2,49%
Bulgaria	R 126 344 264	1 194 040					R 126 344 264	1 194 040	3,35%	2,43%
Uruguay	R 10 937 028	85 639					R 10 937 028	85 639	0,29%	0,17%
UK	R 6 251 795	79 220					R 6 251 795	79 220	0,17%	0,16%
Argentina	R 6 121 467,00	49 659					R 6 121 467	49 659	0,16%	0,10%
Germany	R 3 168 999	39 948	R 288 560	5 915			R 3 457 559	45 863	0,09%	0,09%
<b>Total</b>	<b>R 3 771 355 310</b>	<b>49 082 194</b>	<b>R2 196 302</b>	<b>15 932</b>	<b>R113 625</b>	<b>21 140</b>	<b>R 3 773 665 237</b>	<b>49 119 266</b>	<b>100%</b>	<b>100%</b>



# SUSTAINABILITY & TRACEABILITY

A changing landscape...





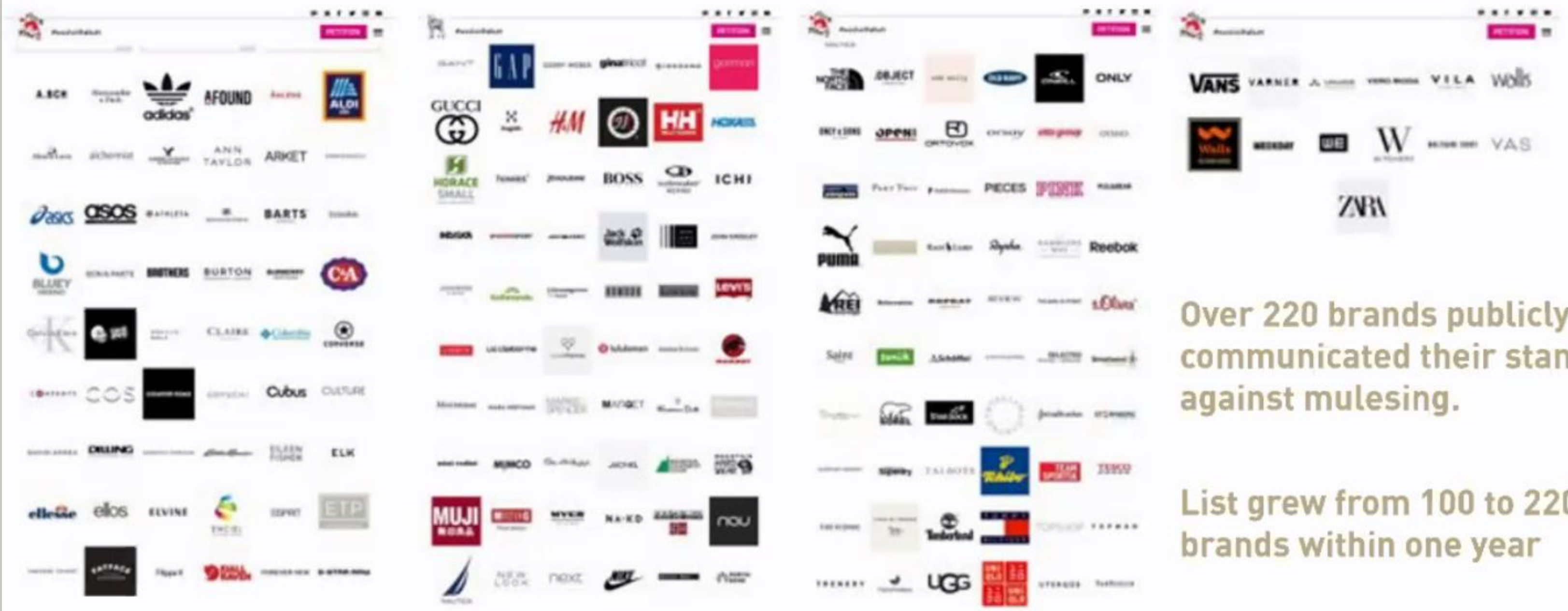
Nike, the public has spoken!  
Over 50,000 people want you to  
#StopCruelWool

Animal Welfare  
Worldwide



# NON-MULESING DEMAND IS GROWING

Brands do not want wool from mulesed sheep



Over 220 brands publicly communicated their stance against mulesing.

List grew from 100 to 220 brands within one year



**SustainaWool**™  
INTEGRITY SCHEME

  
**NATIVA**  
PRECIOUS FIBER



**ZQ**™  
NATURAL FIBRE



  
**ABELUSI**  
WOOL

# SUSTAINABLE CAPE WOOL STANDARD

ANIMAL  
WELFARE

ENVIRONMEN-  
TAL  
SUSTAINABILITY

SOCIAL  
RESPONSIBILITY

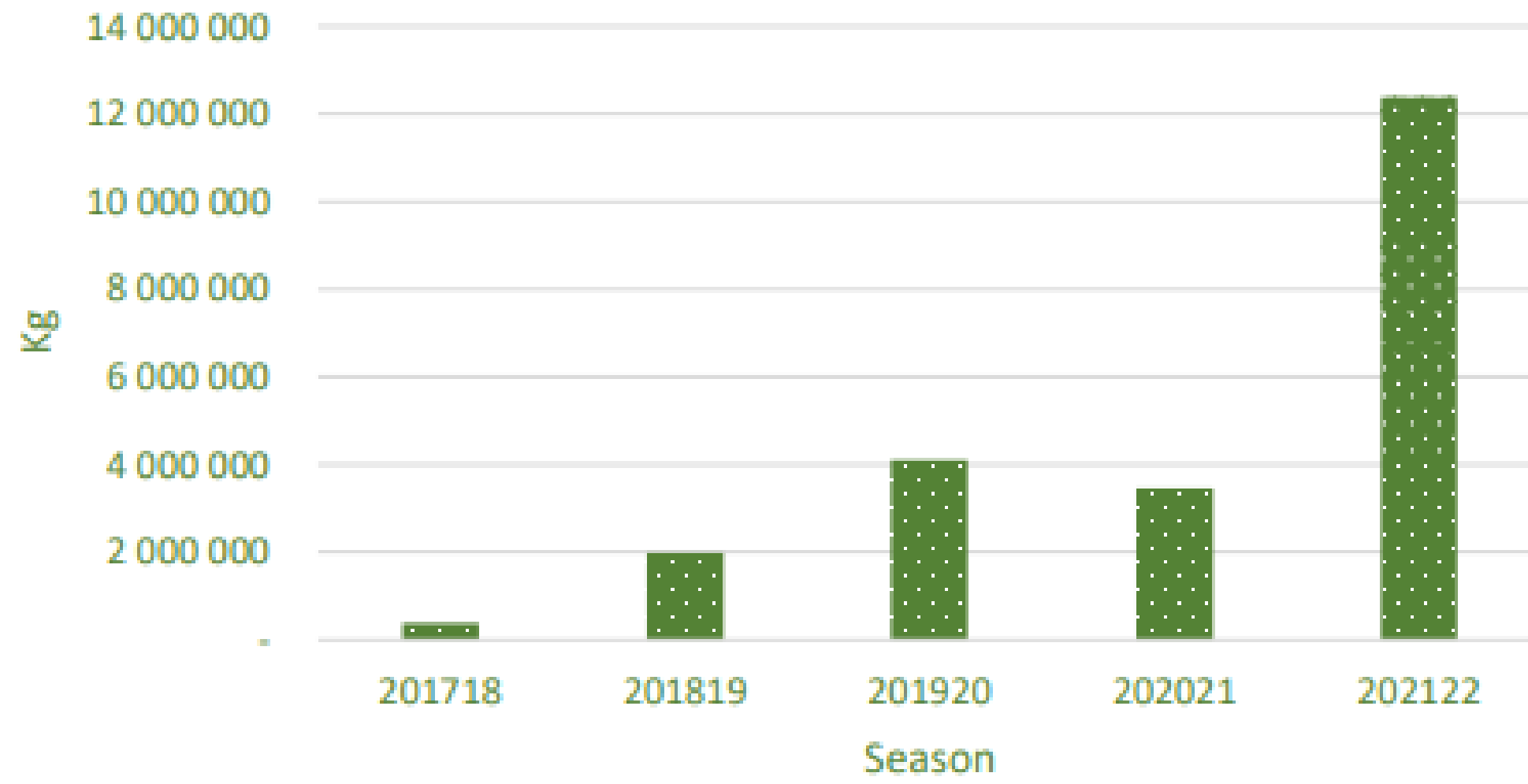
ECONOMIC  
PRINCIPLES



## Sustainable Wool Production

*Sustainable wool production gradually increased from the start of the 2017/18 wool season. The 2021/22 wool season showed a sharp increase in response to a combined industry drive to fulfil the market demand. Sustainable produced wools represented 29% of South African produced wools received at broker stores.*

### Production per Season (Sustainable)





# ACTIVITIES & THE FUTURE

# Sustainable Cape Wool Standard - Communal



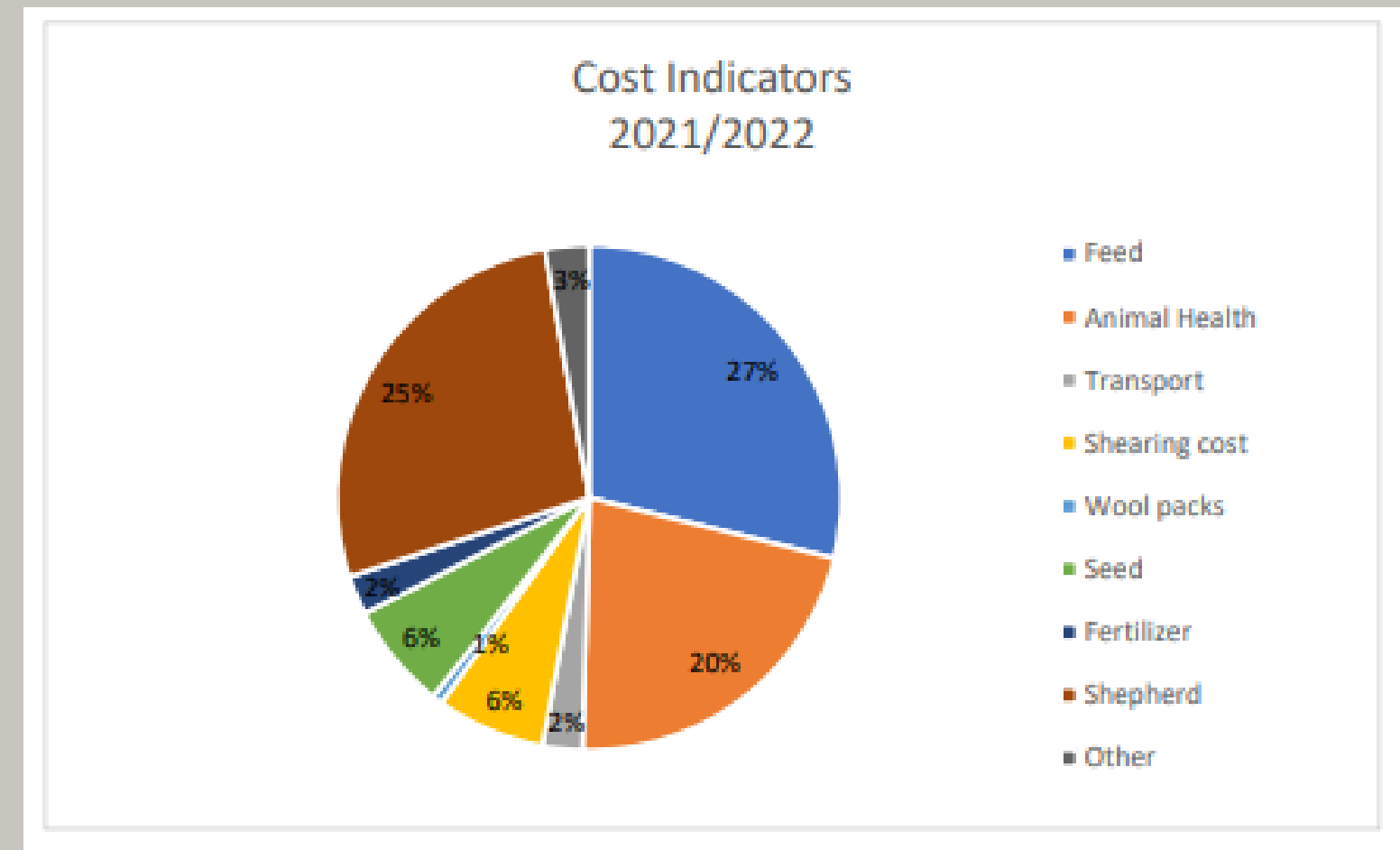
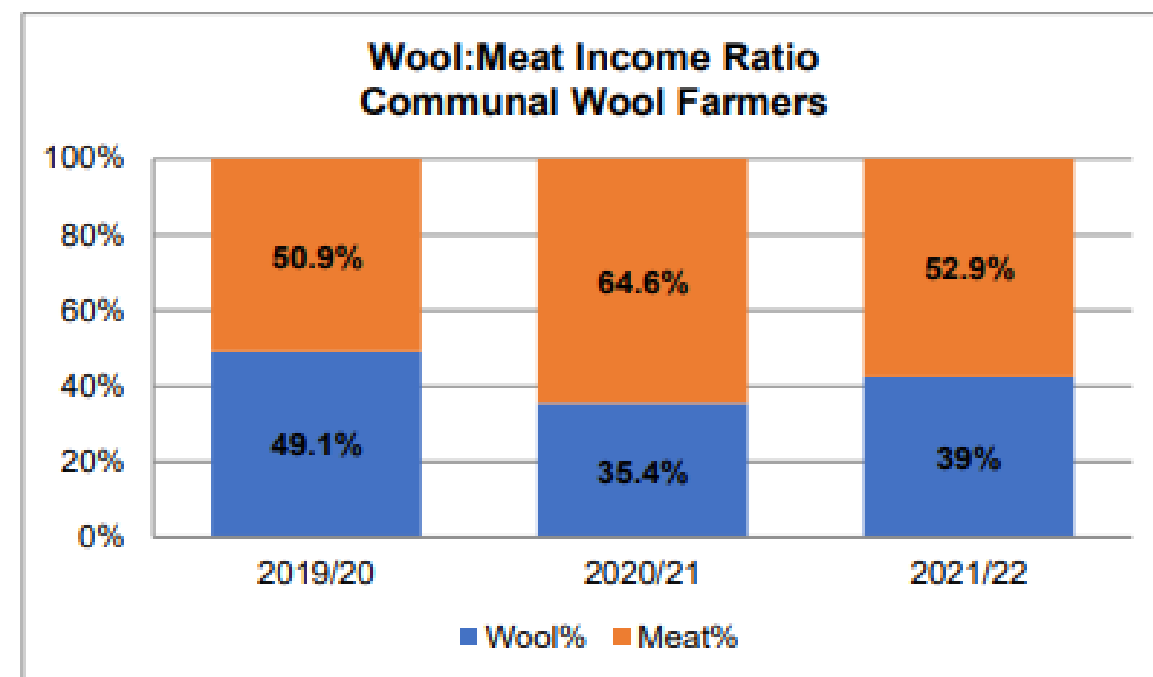
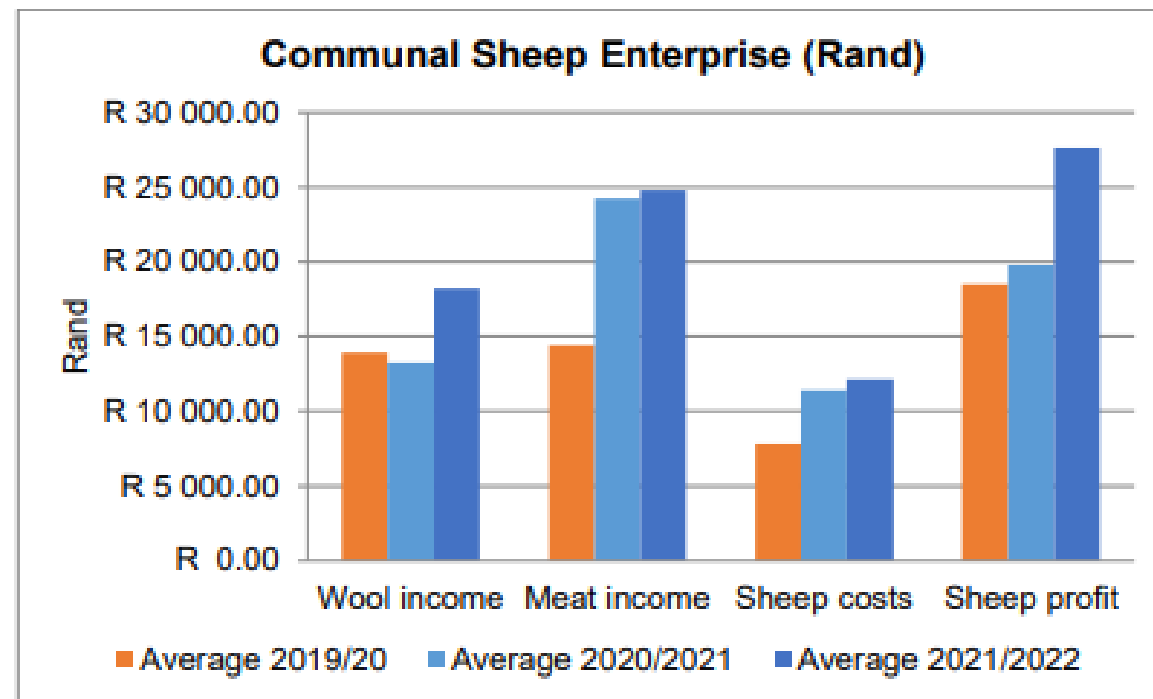
# Communal Production Advisory Services



- 380 short courses
- 6 298 Individual attendees



# Study Group Information



# Flock Competitions & Infrastructure

- Number of flock competitions = 14 competitions held with 1694 farmers participating.



- Number of shearing competitions = 4 (3 in Region 24 & 1 in Region 20) with 106 attendees.



Two shearing sheds were constructed in Lady Frere (Region 23) and funded by Sibanye Stillwater

1. Tshwalayo
2. Mount Arthur (Banglala)



Upgrades were done at the following sheds:

1. Mnxe
2. Kubuyele
3. Nkululeko
4. Silulutho







# WHY BLOCKCHAIN

## Prosecutable Traceability

All stakeholders are committing claims to an immutable ledger. Bad actors are permanently recorded. When legislation catches up, liability will become prosecutable. This enhances trust for the collective integrity of the chain

## Open API and Blockchain Platform Interoperability

Whichever underlying system exists, whether SAP, Syspro, Dynamics, Oracle, Excel or even other Blockchain platforms, our platform is designed to interoperate. We believe VERY strongly in growing the global blockchain footprint and transforming the way industries trust each other

## Smart Contracts

As blockchain / DLT settles into mainstream digital solutions, smart contract automation will bring a multitude of opportunities for improved automation, disintermediation, inclusion etc. By starting the journey now, these opportunities will be available / accessible when the rest are still trying to catch up, giving the wool industry a competitive advantage.

## Brand Trust

Wool is up-market, high quality. Consumer perception of supply chain ethics directly correlate with demand



# *Increased market access:*

- *Improved Quality*
- *Genetic improvement*
- *Traceable, sustainably certified wool*



# Thank you

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